



Testimony of Eric Gjede
Vice President of Public Policy, CBIA
Before the Labor & Public Employees Committee
Hartford, CT
February 7, 2023

**Testifying on
SB 938: AN ACT CONCERNING UNEMPLOYMENT BENEFITS FOR STRIKING WORKERS**

Good afternoon, Senator Kushner, Representative Sanchez, Senator Sampson, Representative Ackert and members of the Labor & Public Employees Committee. My name is Eric Gjede and I am vice president of public policy for CBIA, the Connecticut Business & Industry Association. CBIA is Connecticut's largest business organization, with thousands of member companies, small and large, representing a diverse range of industries from across the state. Ninety-five percent of our member companies are small businesses with less than one hundred employees.

CBIA Opposes SB 938.

The state's unemployment compensation program is an important economic safety net that has proven critical in recent years. This system is funded exclusively by employers for the purposes of ensuring workers that become unemployed through no fault of their own receive compensation while seeking new employment.

Connecticut employers incurred hundreds of millions of dollars of debt during the pandemic to ensure that every eligible unemployed worker receives benefits. Further, the business community negotiated in good faith with organized labor during the 2021 legislative session for changes to the program that would guarantee the solvency of the fund for future workers in need.

In Connecticut, an individual seeking unemployment benefits must satisfy several criteria, including:

1. They became unemployed through no fault of their own,
2. They are available to work, and
3. They are actively seeking another job while receiving benefits.

A striking worker fails to meet any of these requirements. They have not lost their job through no fault of their own and are neither available for work nor actively seeking another job. No state in the country, except for New York, allows actively striking workers to receive unemployment benefits. In addition to policy concerns about eligibility, I urge the committee to consider whether the unemployment compensation trust fund is financially capable of funding benefits for striking workers who do not meet the criteria for receiving benefits.

In 2020—for the second time in recent history—Connecticut borrowed a billion dollars from the federal government to fund unemployment claims as the pandemic emptied the trust fund. Although lawmakers stepped up last year and provided federal stimulus dollars to help with a portion of this debt, employers remain on the hook to completely repay approximately \$1 billion dollars in loans, plus interest and credit reductions.

With each year that this debt remains, Connecticut businesses will see federal tax increases and as well as increases to the loan interest rate. It is not projected that this loan will be fully repaid until 2026.

Several proposals this year seek to add potential unemployment beneficiaries long excluded because of the nature of their industry or the failure to meet the criteria for receiving benefits. The unemployment trust fund should not be treated as a source of revenue to fund lawmakers' policy goals or to provide leverage in disputes between employers and employees. It is a crucial safety net that must be preserved for qualified individuals in need.

I urge the committee to take no action on SB 938.